



Business

Space: not just the final frontier

What can be shared can be turned into a moneyspinner, reports Catherine Wheatley

A A boat, a baby and a business conference inspired Rosie Bennett, Dan Hilton and Dom Moorhouse to start Storenextdoor, a venture that rents out spare storage space.

“Rosie had inherited a sailing dinghy, Dan needed to clear out a bedroom to create a nursery, and I had heard a talk about sharing under-used resources,” said Moorhouse, a project manager who sold his consultancy to BT in 2008.

The trio, who met at Bath University’s Innovation Centre, have just launched the online business, which matches de-clutterers with neighbours who have empty lofts or garages. Homeowners decide how much they want to charge for their space, list it for free and receive rent from customers, who also pay Storenextdoor a small service fee.

“The idea is to be cheaper than commercial storage,” said Moorhouse, 45, who has invested £30,000 in the business, while Bennett, 42, a digital media consultant, and Hilton, 29, an IT freelance, have contributed almost a year of their time.

Most of their resources are being poured into attracting enough users to form a vibrant market, initially in Bath and Bristol. “Success depends on how much it costs to acquire two parties to form a contract, and how much long-term income we get from that couple”, said Moorhouse.

The partners have also negotiated insurance that provides homeowners with personal indemnity and covers property damage and theft. “We think we can succeed because people are open to making savings and generating extra income. They trust neighbours and local firms more than big institutions - and they are comfortable doing business online,” added Moorhouse.

Storenextdoor is one of a growing group of ventures that connect people who want to get more out of under-used possessions - whether empty homes, idle cars or forgotten party dresses. Campers or veg growers can search Rentmygarden for spare ground, commuters can hunt for a car space at Parkatmyhouse, while professionals with long to-do lists can browse Taskrabbit for neighbours with time on their hands.



Storenextdoor’s Hilton, Bennett and Moorhouse, with homeowner Zoe Deas, second left (A Sherratt)

These entrepreneurs are harnessing a shifting social outlook that embraces recessionary thrift and environmental concern. Renting, swapping or selling unused goods online generated £310bn last year, according to the organisers of Global Sharing Day this month.

“Young people in particular feel they don’t need to own stuff because they can go online and find friends or other trusted sources to borrow from,” said Brent Hoberman co-founder of Lastminute and a partner at the venture capital firm Profounders.

Investors are also drawn to a business model that is spreading across sectors and income brackets. Onefinestay, which lets posh homes in London and New York while their owners are away, recently raised \$12m (\$7.5m) from investors including Profounders. At the other end of the scale, Airbnb, which found a spare bed or sofa for 38,000 travellers last night, according to the company’s website, gained \$112m of backing last year.

The most successful internet sharing markets offer liquidity and choice, according to Greg Marsh, 34, co-founder of Onefinestay. When the company started in 2009, it only had six members, including Marsh himself. It took 400 days to recruit 100 members in London by word of mouth and marketing on Google, but just 143 days to hit the same target in New York.

“In the early days it was like trying to balance a monkey on a pendulum. One week we needed more properties, and the next more guests. We gave lots of discounts so people would put up with the imperfections.”

Trustworthiness is also vital, said Vinay Gupta, 35, co-founder of Whipcar, which organises the rental of underused cars around the country for anything for a few hours to several months. Whipcar trawls through oceans of digital data - from members’ credit records and MOT histories to driving convictions - to ensure safe transactions.

Like other sharing sites, it relies on customer reviews to police bad behaviour. “Owners want to make the most of a depreciating asset but they also want it to be looked after,” said Gupta. “There’s also a risk, but consumers find us less weird than they used to.”

Big business is also eyeing a sector that could threaten their revenues. BMWi, the car giant’s innovative arm, backs Parkatmyhouse, while Daimler has funded Carpooling, a German lift-sharing site that also operates in Britain. Marks & Spencer is encouraging ‘shwopping’ - exchanging unwanted clothes - in collaboration with Ox-fam.

The market is evolving fast. Benita Matofska, 45, launched Compareandshare, thought to be the first aggregator of renting and sharing websites, in London last June. But for others, the future is local. “These companies are not easy to globalise,” said Robin Klein of Index Ventures, a venture capital firm. “They may be online but they involve real assets.”